

Message Text

UNCLASSIFIED

PAGE 01 TUNIS 01335 01 OF 02 051440Z

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ACTION OPIC-06

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CIAE-00 INR-07 NSAE-00 TRSE-00 /039 W

----- 028298

R 051400Z MAR 75

FM AMEMBASSY TUNIS

TO SECSTATE WASHDC 8390

INFO AMEMBASSY AMMAN

AMEMBASSY CAIRO

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

UNCLAS SECTION 1 OF 2 TUNIS 1335

E.O. 11652: N/A

TAGS: EINV, OPIC, BEXP, TS

SUBJ: TRIANGULAR INVESTMENT MISSION TO ARAB NATION
(TIMAN)

REF: STATE 33019 AND PREVIOUS

1. SUMMARY: TIMAN VISIT TO TUNISIA WAS UNQUALIFIED SUCCESS. WHILE RECENT EXCHANGE OF VISITS HAS CREATED WELL-PUBLICIZED IMPRESSION OF CLOSER ECONOMIC COOPERATION, TIMAN GAVE TANGIBLE EVIDENCE OF INTEREST OF US COMPANIES IN RESPONDING TO TUNISIAN EFFORTS TO ATTRACT GREATER AMERICAN PRIVATE PARTICIPATION IN TUNISIA'S ECONOMIC DEVELOPMENT. SEVERAL SPECIFIC PROJECTS DISCUSSED DURING VISIT WILL BE FOLLOWED UP. US BUSINESSMEN APPEARED IMPRESSED BY INVESTMENT CLIMATE AND QUALITY OF LOCAL ENTREPRENEURS. SUPERB HANDLING OF VISIT BY API DEMONSTRATED ITS MATURATION AND WILLINGNESS OF GOT TO GIVE IT NECESSARY RESOURCES TO FULFILL ITS OBJECTIVES. ADVANCE ARRANGEMENTS FOR VISIT BY OPIC AND QUALITY OF PARTICIPANTS ALSO MADE MAJOR CONTRIBUTION TO TIMAN'S SUCCESS HERE. END SUMMARY.

2. INVESTMENT PROMOTION AGENCY (API) ASSUMED FULL RESPONSIBILITY FOR ADVANCE PREPARATIONS FOR VISIT AND ARRANGEMENTS.
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PAGE 02 TUNIS 01335 01 OF 02 051440Z

MENTS DURING STAY, INCLUDING VISIT AT API EXPENSE TO

JERBA FOLLOWING OFFICIAL VISIT TO TUNIS. PROFESSIONALISM SHOWN BY API IN PREPARING BRIEFING MATERIAL, SIMULTANEOUS TRANSLATIONS, PRESS CONTACTS, PROGRAM, ETC., CLEARLY SHOWS PROGRESS OF THIS IMPORTANT GOT AGENCY WHICH ONLY BEGAN OPERATION SLIGHTLY LESS THAN TWO YEARS AGO. RELATIVELY MINOR HITCHES WHICH OCCURRED CAN BE ATTRIBUTED TO DIFFICULTIES IN COMMUNICATIONS AND COMPLEXITY OF TAILORING INDIVIDUAL ARRANGEMENTS FOR LARGE NUMBER OF SENIOR BUSINESS EXECUTIVES ON SHORT NOTICE.

3. PROGRAM FOR TIMAN INCLUDED: FORMAL BRIEFINGS BY MINISTERS OF PLAN AND SOCIAL AFFAIRS AND OTHER SENIOR OFFICIALS; MEETINGS WITH PRESIDENT BOURGUIBA AND PRIME MINISTER NOUIRA, WHO USED OCCASION TO REEMPHASIZE TUNISIA'S DESIRE FOR GREATER COLLABORATION WITH AMERICAN PRIVATE BUSINESS SECTOR; SOCIAL FUNCTIONS HOSTED BY MINISTER OF NATIONAL ECONOMY, AMBASSADOR, PRESIDENT OF ECONOMIC DEVELOPMENT BANK (HABIB BOURGUIBA, JR.) AND PRESIDENT OF API; MEETINGS WITH TUNISIAN BUSINESSMEN, AND VISITS TO PLANTS AND FARMS. MOST TIMAN MEMBERS FELT THAT DIRECT MEETINGS WITH LOCAL INDUSTRIALISTS AND BUSINESSMEN WERE MOST USEFUL PART OF VISIT HERE AND WERE NECESSARY COMPLEMENT TO WELL-REHEARSED, FAVORABLE DESCRIPTIONS OF INVESTMENT CLIMATE COVEYED IN FORMAL BRIEFINGS. SEVERAL MISSION MEMBERS NOTED THAT, WHILE THEY HAD EXPECTED PLEASANT STAY IN TUNISIA, THEY WERE AGREEABLY SURPRISED TO FIND IT WAS ONE OF MOST PROMISING STOPS THEY HAD MADE DURING THEIR TRIP.

4. LARGE NUMBER OF INVESTMENT POSSIBILITIES WERE DISCUSSED DURING VISIT, INCLUDING: PLANT TO PRODUCE CHEMICAL RAW MATERIALS; PVC PIPE MANUFACTURE; LIVESTOCK FEED MILL; POULTRY INDUSTRY; DAIRY PROJECT; BRAKE LINING PLANT; MINING VENTURES; HEARING AID ASSEMBLY, AND HOUSING AND CONSTRUCTION FACILITIES. WHILE TIMAN COORDINATOR WARNED THAT ACTUAL MATERIALIZATION OF THESE PROJECTS WILL REQUIRE CONSIDERABLE TIME, ACCUMULATION OF FURTHER INFORMATION AND PROBABLY TOUGH NEGOTIATIONS, BOTH AMERICAN AND TUNISIAN PARTICIPANTS FELT CONFIDENT THAT AT LEAST SOME PROJECTS WILL RESULT FROM THIS MISSION. POSSIBLY EVEN

UNCLASSIFIED

PAGE 03 TUNIS 01335 01 OF 02 051440Z

MORE IMPORTANT, PARTICIPANTS FELT THAT TIMAN'S APPARENT SUCCESS, WHICH OPIC INTENDS PUBLICIZE IN US, WILL ENCOURAGE OTHER AMERICAN FIRMS TO LOOK INTO POSSIBILITIES OF INVESTMENT IN TUNISIA.

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PAGE 01 TUNIS 01335 02 OF 02 051447Z

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UNCLAS SECTION 2 OF 2 TUNIS 1335

5. MEETINGS ALSO PERMITTED DISCUSSIONS OF SPECIFIC ASPECTS OF INDUSTRIAL CLIMATE. MINISTER OF NATIONAL ECONOMY LASRAM POINTED OUT THAT THREE LARGE GAS FIELDS HAVE BEEN DISCOVERED ON TUNISIAN CONTINENTAL SHELF AND ARE NOW UNDER STUDY BY AMERICAN COMPANY, WILLIAMS BROTHERS. THIS GAS, HE SAID, WILL FREE TUNISIA FROM DEPENDENCE ON ALGERIA AND WILL BE MADE AVAILABLE ON FAVORABLE TERMS PRIMARILY FOR INDUSTRIAL USE WITH RESIDUAL BEING USED FOR ENERGY. API PRESIDENT CHELLI RESPONDED AFFIRMATIVELY TO TIMAN SUGGESTION THAT LAWYER MAKE DETAILED ANALYSIS OF LAND TENURE LAWS AND REGULATIONS IN TUNISIA IN ORDER DETERMINE HOW PROMISING AGRICULTURAL PROJECTS CAN BE IMPLEMENTED IN SPITE OF TUNISIAN RESTRICTIONS ON CONTROL OF AGRICULTURAL LAND BY FOREIGNERS. OPIC ALSO WILL SEEK SUITABLE AMERICAN INDUSTRIAL EXPERT TO BE ASSIGNED TO API TO PROVIDE ESSENTIAL ASSISTANCE IN PROMOTING AND ADVANCING US INVESTMENT PROPOSALS IN TUNISIA (TUNIS 1039). IF SUITABLE CANDIDATE CAN BE LOCATED, THERE IS GOOD POSSIBILITY THAT NECESSARY FUNDING CAN BE MADE AVAILABLE THROUGH UN, PROBABLY UNIDO.

6. COMMENT: IN CONTRAST TO JANUARY AYARI MISSION TO US, WHICH WAS ON HIGH PROMOTIONAL PLANE, TIMAN APPEARS TO HAVE LAID GROUNDWORK FOR ACTUAL IMPLEMENTATION OF SOME

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PAGE 02 TUNIS 01335 02 OF 02 051447Z

INDUSTRIAL PROJECTS IN TUNISIA. WHILE IT IS QUITE CLEAR THAT CONSIDERABLE STUDIES AND NEGOTIATIONS WILL STILL BE REQUIRED, VISIT UNCOVERED INVESTMENT AREAS WITH FAVORABLE CONDITIONS AND SUFFICIENT PRACTICAL INTEREST ON BOTH SIDES TO GIVE SOME PROMISE FOR FUTURE. TUNISIANS APPEAR EXTREMELY PLEASED WITH TIMAN AND ALSO TO HAVE REALISTIC ASSESSMENT AS TO PROBABLE RESULTS. WITH EFFECTIVE FOLLOW-UP ON PART OF API, OPIC, AND TUNISIAN AND AMERICAN ENTERPRISES INVOLVED, EMBASSY IS CONFIDENT THAT SOME US INVESTMENTS WILL MATERIALIZE WHICH WILL OFFSET TO SOME EXTENT TUNISIAN DISAPPOINTMENT OVER DECREASING OFFICIAL US ASSISTANCE IN RECENT YEARS. WHILE TIMAN COORDINATOR BIRD AND ADVANCE MAN MIDDLETON SHOULD BE PARTICULARLY PRAISED FOR THEIR PREPARATIONS TO MAKE MISSION A SUCCESS, EMBASSY GRATEFUL TO SUSTAINED INTEREST BY OPIC PRESIDENT MAYS IN FURTHERING US INVESTMENT IN TUNISIA. AS WE HAVE NOTED BEFORE, WE BELIEVE THAT, IN ADDITION TO HELPING TUNISIAN GROWTH, SUITABLE US INVESTMENT HERE CAN STIMULATE US EXPORTS TO TUNISIA AND -- THROUGH TUNISIA -- TO EUROPE AND SURROUNDING AREA.
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